



UNIVERSITY OF DELAWARE

Statements of State of Delaware General, Capital Improvement, and Agency Funds
Appropriated, Received, and Expended, and Supplemental Data

June 30, 2008

(With Independent Auditors' Report Thereon)

UNIVERSITY OF DELAWARE

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KPMG LLP
1601 Market Street
Philadelphia, PA 19103-2499

Independent Auditors' Report

The Board of Trustees
University of Delaware:

We have audited the accompanying statement of State of Delaware general funds appropriated, received, and expended; the statement of State of Delaware capital improvement funds appropriated, received, and expended; and the statement of State of Delaware agency funds appropriated, received, and expended of the University of Delaware (the University) for the year ended June 30, 2008. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The statement of State of Delaware general funds appropriated, received, and expended; the statement of State of Delaware capital improvement funds appropriated, received, and expended; and the statement of State of Delaware agency funds appropriated, received, and expended were prepared on the basis of cash receipts and disbursements and in accordance with the procedures of the State of Delaware, and are not intended to be a presentation in conformity with U.S. generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the appropriated general, capital improvement, and agency funds received from the State of Delaware and the expenditures therefrom by the University of Delaware for the year ended June 30, 2008, on the basis of accounting described in the preceding paragraph.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 20, 2008 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information included in Schedules 1 through 3 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information for the year ended June 30, 2008, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole on the basis of accounting described in the third preceding paragraph.

KPMG LLP

October 20, 2008

UNIVERSITY OF DELAWARE

Statement of State of Delaware General Funds Appropriated, Received, and Expended

Year ended June 30, 2008

	Cash balance on hand at beginning of year	Appropriations received	(a) Expended	Returned to State of Delaware	Cash balance on hand at end of year
Current funds:					
Government appropriations – State:					
General Operations	\$ —	99,668,400	99,668,400	—	—
Information Technology Partnership	—	2,541,300	2,541,300	—	—
Title VI Compliance	—	1,742,400	1,742,400	—	—
Poultry Disease Research	—	1,105,300	1,105,300	—	—
Cooperative Extension	—	1,077,200	1,077,200	—	—
Math/Science Education for Delaware Teachers	—	1,020,100	1,020,100	—	—
Biotechnology	—	734,300	734,300	—	—
Agricultural Experimental Station	—	638,700	638,700	—	—
Sea Grant Program	—	559,000	559,000	—	—
Agricultural Research and Education Center	—	536,600	536,600	—	—
Molecular Biology/Biotechnology Program	—	499,200	499,200	—	—
Public Service Assistantships	—	452,900	452,900	—	—
Delaware Center for Teacher Education	—	656,000	656,000	—	—
Early Learning Center	—	423,400	423,400	—	—
Soil Testing/Pesticide Control	—	380,400	380,400	—	—
Crop Extension	—	378,500	378,500	—	—
Center for Translational Cancer Research	—	365,300	365,300	—	—
Carvel Research and Education Center	—	410,900	410,900	—	—
Software Licenses Support	—	314,600	314,600	—	—
Nursing Program Expansion	—	318,700	318,700	—	—
Biotechnology Institute	—	584,800	584,800	—	—
Coastal Community Development	—	302,900	302,900	—	—
Diversity Enhancement	—	293,000	293,000	—	—
Educational Management and Government Training	—	466,700	466,700	—	—
Nurse Practitioner	—	269,000	269,000	—	—
Center for Community Development and Family Policy	—	261,200	261,200	—	—
Local Government Research	—	238,700	238,700	—	—
Clinical Instruction in Teacher Education	—	238,500	238,500	—	—
Delaware Education Research/Development Center	—	235,100	235,100	—	—
Undergrad Multimedia Instruction	—	202,300	202,300	—	—
Service Learning Scholarships	—	200,000	200,000	—	—
Agricultural Environmental Quality	—	202,800	202,800	—	—
Associate in Arts Degree	—	170,100	170,100	—	—
Science Engineering and Technology Service Program	—	156,300	156,300	—	—
Delaware Research Scholars Program	—	150,000	150,000	—	—
Diagnostic Poultry Service	—	201,500	201,500	—	—
Student Employment Program	—	136,900	136,900	—	—
Urban Agent Program	—	135,600	135,600	—	—
Secondary Clinical Teacher Education	—	127,100	127,100	—	—
Milford Professional Development School	—	117,200	117,200	—	—
Early Childhood Education	—	114,200	114,200	—	—
Improved Campus Security	—	101,600	101,600	—	—
Computer Aided Arts and Science Instruction	—	80,000	80,000	—	—
Civics Education for Teachers	—	100,000	100,000	—	—
The College School	—	91,800	91,800	—	—
Research on School Finance Issues	—	90,500	90,500	—	—
Computer Aided Math Instruction	—	100,000	100,000	—	—
Library Automation	—	52,000	52,000	—	—
Study Abroad	—	50,000	50,000	—	—
Graduate Education – Southern Delaware	—	37,300	37,300	—	—
		<u>119,330,300</u>	<u>(a) 119,330,300</u>		
Government appropriations – State scholarships:					
General Scholarships	—	3,073,700	3,073,700	—	—
Scholarship Fund	—	2,507,300	2,507,300	—	—
Aid to Needy Students	—	1,940,400	1,940,400	—	—
Delaware Scholars Program	—	200,000	200,000	—	—
Academic Incentive Program	—	114,600	114,600	—	—
		<u>7,836,000</u>	<u>7,836,000</u>		
Grand total current funds	\$ —	<u>127,166,300</u>	<u>(a) 127,166,300</u>		

Note:

- (a) In addition to general appropriated funds received, the State of Delaware provided 40% of Worker's Compensation insurance coverage for the University with an estimated premium value of \$320,000. The State of Delaware also provided auto, fire and other insurance coverage with an estimated premium value of \$866,000.

See accompanying notes to financial statements.

UNIVERSITY OF DELAWARE

Statement of State of Delaware Capital Improvement Funds Appropriated, Received, and Expended

Year ended June 30, 2008

	Cash balance on hand at beginning of year	Appropriations received	Expended	Returned to State of Delaware	Cash balance on hand at end of year
Plant funds – capital improvements:					
Act of 2007	\$ —	4,500,000	4,500,000	—	—
Act of 2008	—	3,700,000	3,700,000	—	—
Grand total plant funds	\$ —	8,200,000	8,200,000	—	—

See accompanying notes to financial statements.

UNIVERSITY OF DELAWARE

Statement of State of Delaware Agency Funds Appropriated, Received, and Expended

Year ended June 30, 2008

	<u>Cash balance on hand at beginning of year</u>	<u>Appropriations received</u>	<u>Expended</u>	<u>Returned to State of Delaware</u>	<u>Cash balance on hand at end of year</u>	
Delaware Geological						
Survey – 2007/2008:						
Salaries and wages	\$ 5,221	1,372,471	1,370,243	2,146	5,303	
Travel	—	14,418	13,916	—	502	
Supplies and expense	—	78,331	77,430	—	901	
Capital	—	6,980	6,980	—	—	
Federal cooperative program	4,470	176,000	180,470	—	—	
Rivermaster program	21,619	93,700	93,662	—	21,657	
Printer	—	14,000	13,230	770	—	
State boundaries	2,225	—	2,225	—	—	
	<u>\$ 33,535</u>	<u>1,755,900</u>	<u>1,758,156</u>	<u>2,916</u>	<u>28,363</u>	(a)

The Delaware Geological Survey is a separate State agency under the general charge and direction of the University of Delaware, and therefore, the Delaware Geological Survey appropriations are not included in the Statement of State of Delaware General Funds Appropriated, Received, and Expended.

Notes:

- (a) At June 30, 2008, the ending balance consisted of \$28,363 in encumbered funds.

See accompanying notes to financial statements.

UNIVERSITY OF DELAWARE

Notes to the Statements of State of Delaware General Funds Appropriated, Received, and Expended;
State of Delaware Capital Improvement Funds Appropriated, Received, and Expended; and
State of Delaware Agency Funds Appropriated, Received, and Expended, and Supplemental Data

Year ended June 30, 2008

(1) Summary of Significant Accounting Policies

Basis of Presentation

The statement of State of Delaware general funds appropriated, received, and expended; the statement of State of Delaware capital improvement funds appropriated, received, and expended; and the statement of State of Delaware agency funds appropriated, received, and expended by the University of Delaware were prepared on the cash basis of accounting, and accordingly, certain revenues and related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when the obligation is incurred.

Schedule 1**UNIVERSITY OF DELAWARE****State of Delaware Appropriated Funds Current Funds Expenditures**

Year ended June 30, 2008

Education and general:

Instruction	\$ 50,708,157
Research	7,197,716
Public service	6,202,800
Academic support	17,953,046
Student services	3,741,907
Operation and maintenance of plant	21,466,140
Institutional support	10,133,609
Student aid – scholarships	7,836,000
Title VI compliance scholarships	1,724,400
Service learning scholarships	25,000
Student employment program	127,525
Study abroad – Delaware residents	50,000
Total	<u>\$ 127,166,300</u>

See accompanying independent auditors' report.

UNIVERSITY OF DELAWARE

State of Delaware Appropriated Funds Current Funds Expenditures by Function

Year ended June 30, 2008

	<u>Total</u>	<u>Wages and benefits</u>	<u>Other</u>
Educational and general:			
Instruction:			
College of Agriculture and Natural Resources	\$ 1,958,042	1,830,806	127,236
College of Arts and Science	16,602,008	16,351,108	250,900
Lerner College of Business and Economics	1,883,610	1,883,030	580
College of Human Services, Education and Public Policy	5,302,858	4,914,852	388,006
College of Engineering	1,665,671	1,665,061	610
College of Health Sciences	3,618,547	3,618,547	—
College of Marine and Earth Studies	380,653	380,653	—
Intercollegiate Athletics/Recreation	87,067	87,067	—
Division of Professional and Continuing Studies	552,770	526,724	26,046
Special Instructional Projects	4,530,156	3,930,334	599,822
Benefits	14,126,775	14,126,775	—
	<u>50,708,157</u>	<u>49,314,957</u>	<u>1,393,200</u>
Research:			
Experimental Station	2,363,926	2,363,926	—
Agricultural Experimental Station	558,467	248,030	310,437
Sea Grant Program	414,187	406,764	7,423
Agricultural Research and Education Center	435,851	269,066	166,785
Poultry Disease Research	867,187	375,635	491,552
Center for Translational Cancer Research	322,635	132,273	190,362
Delaware Education Research/Development Center	184,031	159,562	24,469
Carvel Research and Education Center	478,427	107,720	370,707
Benefits	1,573,005	1,573,005	—
	<u>7,197,716</u>	<u>5,635,981</u>	<u>1,561,735</u>
Public service:			
Agricultural Extension Service	2,156,305	2,031,417	124,888
Agricultural Environmental Quality	154,530	141,970	12,560
Soil Testing/Pesticide Control	285,929	269,575	16,354
Public Policy	1,681,913	1,547,153	134,760
Public Service Assistantships	436,864	436,864	—
Benefits	1,487,259	1,487,259	—
	<u>6,202,800</u>	<u>5,914,238</u>	<u>288,562</u>
Academic support:			
Library	9,176,372	5,703,479	3,472,893
University Media Services	1,353,111	1,320,301	32,810
Student Special Services	370,639	370,639	—
Coordinator of Research	322,421	322,421	—
Publications Office	186,517	186,517	—
College Administration	1,922,141	1,922,141	—
Office of Vice Provost for Academic Affairs	248,117	179,393	68,724
Graduate Studies	166,745	166,745	—
Benefits	4,206,983	4,206,983	—
	<u>17,953,046</u>	<u>14,378,619</u>	<u>3,574,427</u>

UNIVERSITY OF DELAWARE

State of Delaware Appropriated Funds Current Funds Expenditures by Function

Year ended June 30, 2008

	<u>Total</u>	<u>Wages and benefits</u>	<u>Other</u>
Educational and general (continued):			
Student services:			
Student Life	\$ 123,903	123,903	—
Admissions and Financial Aid (a)	1,439,068	1,411,693	27,375
University Registrar	448,946	448,946	—
Counseling and Student Development	87,018	87,018	—
Employee Relations	51,898	51,898	—
Career Services Center	405,767	405,767	—
Foreign Student and Scholar Services	94,593	94,593	—
Benefits	1,090,714	1,090,714	—
	<u>3,741,907</u>	<u>3,714,532</u>	<u>27,375</u>
Operation and maintenance of plant:			
Administration and Supervision	446,400	446,400	—
Building Services	4,266,321	4,266,321	—
Repairs and Maintenance	5,683,040	5,683,040	—
Central Plant Operations	4,411,627	325,527	4,086,100
Grounds Services	1,442,314	1,442,314	—
Facilities Planning and Construction	113,063	113,063	—
Benefits	5,103,375	5,103,375	—
	<u>21,466,140</u>	<u>17,380,040</u>	<u>4,086,100</u>
Institutional support:			
Office of Executive Vice President and University Treasurer	1,376,136	1,376,136	—
Office of Vice President for Administration	1,146,503	1,146,503	—
Office of Vice President for Information Technologies	1,542,268	1,227,668	314,600
University Provost	56,938	56,938	—
Public Safety	1,963,093	1,963,093	—
Supporting Services	636,837	636,837	—
Occupational Health and Safety	326,154	326,154	—
Institutional Research and Planning	75,421	75,421	—
Other General Institutional Expense	155,441	155,441	—
Fringe Benefits	2,854,818	2,854,818	—
	<u>10,133,609</u>	<u>9,819,009</u>	<u>314,600</u>
Student aid – scholarships	7,836,000	—	7,836,000
Title VI compliance scholarships	1,724,400	—	1,724,400
Service learning scholarships	25,000	—	25,000
Student employment program	127,525	127,525	—
Study abroad – Delaware residents	50,000	—	50,000
	<u>9,762,925</u>	<u>127,525</u>	<u>9,635,400</u>
Total educational and general	\$ <u>127,166,300</u>	<u>106,284,901</u>	<u>20,881,399</u>

Note:

- (a) Includes \$18,000 of Title VI Compliance and \$9,375 of Student Employment Program administrative expenditures.

See accompanying independent auditors' report.

UNIVERSITY OF DELAWARE

State of Delaware Appropriated Funds Capital Improvement Appropriations

Year ended June 30, 2008

	Original appropriations	Appropriations expended during the year ended June 30, 2008	Returned to State of Delaware	Unexpended appropriations at June 30, 2008
	(a)			
Capital improvements:				
Act of 2007:				
Brown Lab	\$ 4,500,000	4,500,000	—	—
Act of 2008:				
Brown Lab	3,500,000	3,500,000	—	—
Carvel Research and Education	200,000	200,000	—	—
	\$ 3,700,000	3,700,000	—	—

Notes:

- (a) Appropriated funds for capital improvements does not include \$13,131 of interest earned by the University on capital improvement funds temporarily invested during the year ended June 30, 2008. The University paid to the State of Delaware \$11,601 and has a payable to the State of Delaware of \$1,530.

See accompanying independent auditors' report.



KPMG LLP
1601 Market Street
Philadelphia, PA 19103-2499

**Report on Internal Control Over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with
*Government Auditing Standards***

The Board of Trustees
University of Delaware:

We have audited the statement of State of Delaware general funds appropriated, received, and expended; the statement of State of Delaware capital improvement funds appropriated, received, and expended; and the statement of State of Delaware agency funds appropriated, received, and expended of the University of Delaware (the University) for the year ended June 30, 2008, and have issued our report thereon dated October 20, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Internal Control Over Financial Reporting

In planning and performing our fiscal year 2008 audit, we considered the University's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing an opinion on the financial statements listed above, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control over financial reporting. We consider the deficiencies described in the accompanying schedule of findings and responses as findings 2008-1 and 2008-2 to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the University's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.



Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's financial statements are free of material misstatement, we performed tests of the University's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of the financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the University in a separate letter dated October 20, 2008.

The University's response to the findings identified in our audit are described in the attached schedule of findings and responses. We did not audit the University's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Board of Trustees and management of the University of Delaware; pass-through entities; and the Governor, Attorney General, Controller General, Budget Director, Department of Finance, and the Auditor of Accounts of the State of Delaware, and is not intended to be and should not be used by anyone other than these specified parties. However, under Del C., Section 10002(d), this report is a public record and its distribution is not limited.

KPMG LLP

October 20, 2008

UNIVERSITY OF DELAWARE
Schedule of Findings and Responses
Year ended June 30, 2008

2008-01 PeopleSoft Configuration

Correction Mode Access

We noted users in both HR and Finance who had Correction Mode access. Correction mode access allows a user to view, modify, insert and delete rows of data regardless of the effective date. This is one of the most powerful levels of access that can be assigned in the PeopleSoft application and can be used to alter historic, current or future effective-dated data, without the creation of an audit trail. This condition was also noted in the 2007 audit, and was not planned by the University to be remediated until June 30, 2008.

ALLPAGES Access

Three PeopleSoft users were granted ALLPAGES access for the financial module of PeopleSoft which grants access to the entire system including activities that supersede segregation of duties controls. Four PeopleSoft users were granted ALLPAGES access for the HR module of PeopleSoft which grants access to the entire system including activities that supersede segregation of duties controls. This condition was also noted in the 2007 audit for one user who had "SUPER_ALL_USER" privileges, who was deemed to have appropriate access rights based on job responsibilities by the University upon review.

Segregation of Duties

Multiple segregation of duties conflicts are noted in the Financial and the HR modules of PeopleSoft, including:

HR

- 8 users who can both maintain payroll data and process payroll, which results in a risk of processing payroll fraudulently
- 4 users who can both hire employees and set up compensation, which results in a risk of setting up a fraudulent compensation plan and hiring an employee into it
- 4 users who can both hire employees and set up HRMS, which results in a risk of creating fictitious organizations and hiring fictitious employees into them
- 5 users who can both hire employees and manage positions, which results in a risk of creating fictitious positions and hiring employees into them

Financial

- 29 segregation of duties conflicts affecting 17 users among Accounts Payable roles including making changes to the vendor master file, entering and managing purchase orders, receiving goods, releasing requisitions, approving vendors, entering vouchers, accounts payable payments, releasing blocked invoices, modifying purchasing agreements, AP voucher entry, and performing bank reconciliations.
- 59 segregation of duties conflicts affecting 28 users among General Ledger roles, such as entering journal entries, approving journal entries, posting journal entries, purchase order entry, voucher entry, voucher approval, and receiving goods.
- Various other segregation of duties conflicts related to Accounts Receivable, Asset Management, and Purchasing roles.

UNIVERSITY OF DELAWARE
Schedule of Findings and Responses
Year ended June 30, 2008

Recommendation

We recommend that the University review the appropriateness of current ALLPAGES and correction mode access, and develop procedures for periodically reviewing such access going forward.

We further recommend the elimination of the segregation of duties conflicts as noted above, and consideration of the use of a segregation of duties tool to monitor and correct segregation of duties conflicts.

Management's Response

Individuals identified with correction mode access during the FY 2007 audit were reviewed during the current fiscal year and access was either approved or amended, as appropriate. During Fiscal 2008, the University upgraded PeopleSoft v.8.9. The upgrade had the unanticipated effect of changing some pages' (screens') permissible actions, including correction mode access. A significant majority of the instances of correction mode access related to a handful of pages that all users had, but did not allow users access to production data. These instances of correction mode access have been removed. Correction mode access of IT personnel has been reviewed, and has been removed for all but a few specific instances where authorization has been given. For the remaining instances of correction mode access a review of such access by data owners of the affected areas will be performed on a user/roles/pages level. Correction mode is necessary for some users as the only alternative to update or correct certain data in the systems. Such cases will be documented and access limited to those tables and fields necessary. The review will be coordinated by the Office of the Assistant VP for Finance for PeopleSoft Financials and by the Office of Human Resources for PeopleSoft HR.

One permission list within PeopleSoft, "allpages," was granted to seven users. The access is being reviewed and has been removed from two users to date. Two of the identified users were accounts used to run nightly production. The University has created custom permission lists, limited to the pages production needs to access in order to run the nightly series. These are currently being tested, and once they have been verified, the "allpages" access will be removed from these accounts. Two additional users were "users IDs" delivered by PeopleSoft with "allpages" access and have been deemed necessary by the University. These are password protected with access only by the DBAs. The "allpages" access of the final user have been removed and replaced with a custom, more restrictive permission list. The contents of the customer permission list will be further refined with the segregation of duties review described below. The "super_all_user" access for the one individual noted during fiscal 2007 was removed in January 2008.

Segregation of duties conflicts can occur for various reasons, including limited resources in a department. However, there are many times when compensating controls or reviews are in place. The Office of the Assistant VP for Finance, with the assistance of the Director of Procurement and the Office of Human Resources, is coordinating a review of all identified conflicts to determine whether the combination access rights is required by the individual's job responsibilities, and if so, identify compensating controls in place. Any additional compensating controls deemed necessary will be implemented and any unnecessary conflicts will be eliminated.

UNIVERSITY OF DELAWARE
Schedule of Findings and Responses
Year ended June 30, 2008

2008-02 Access to Programs and Data

Monitoring and Approval of Access Rights

Controlling access to systems ensures that only authorized individuals have access to appropriate information for authorized purposes. We noted the following exceptions related to the monitoring and approval of access rights:

- For the procurement card system, credit card maintenance access rights, which include the ability to set purchase limits for cards, were not restricted to appropriate personnel. One of the three users does not require access as part of their job responsibilities. This was also noted in the 2007 audit. Although the University reviewed credit card maintenance access in the current year and reduced users from six to three, we believe one of the remaining three users does not require access based on job responsibilities.
- One user maintained access to approve proposals after retirement.

Use of Generic User IDs

Use of generic user IDs dilutes system security because actions taken with such IDs cannot be traced back to specific individuals. We noted seven generic user IDs with access to migrate changes into production. Access to migrate changes from development and/or quality assurance environments into production should be strictly controlled and tied to an individual. The use of generic user IDs was also noted in the 2007 audit year, although the University did appropriately delete the generic user ID identified in the prior year, seven additional generic user IDs were identified in the current year audit.

Migration of Changes into Production

One user has access to migrate changes into production who does not require this access based on job responsibilities. Access to migrate changes from development and/or quality assurance environments into production should be strictly controlled.

Duplicate IDs

Four users within PeopleSoft were found to have multiple user IDs. Access to the system should be secured by assigning one user id per person. Multiple IDs increase the risk of inappropriate access and potential segregation of duties conflicts.

System Configuration

The complexity function for passwords within Oracle is not active, which is in conflict with the University's stated policies.

Recommendation

We recommend that the University:

- Review generic user IDs to ensure that there is a need for their continued existence and that, if there is a need for their continued use, the access rights granted to generic user IDs are appropriate and monitored for appropriate activity.
- Validate the employees who have access to migrate changes into production are appropriate and the access is still required. This review should be performed on a periodic basis.

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Schedule of Findings and Responses
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- Review users with multiple IDs, determine which ID has appropriate access, and lock the other ID so it can no longer be used.
- Follow existing policies and procedures related to:
 - Setting password requirements for systems.
 - Removal of terminated employees’ access in a timely manner.
- Determine whether the user identified who does not appear to have a business reason for retained credit card maintenance access rights for the procurement card system should continue to have such access.

Management’s Response

The credit card maintenance access rights for the identified individual have been eliminated.

As of April 2008, IT System Security and Access receives a daily report that captures retirees, transfers and terminations. The noted exception occurred prior to the implementation of the report.

The ability for generic IDs to migrate changes into production results from “allpages” access. As noted above, “allpages” access is being reviewed and addressed.

The ability to mitigate changes into production by the one identified user stems from her “allpages” access, which has been removed, as noted above. Additionally, the IT group is running a report which indicates any changes made to production and who initiated the changes. The report will be reviewed to ensure that only authorized projects are migrated to production.

The four duplicate IDs identified have been removed.

The mechanism for the implementation of complex passwords within Oracle is being reviewed.